

2015 No. 1502

PENSIONS

The Pensions Act 2014 (Savings) Order 2015

Made - - - -

14th July 2015

The Secretary of State for Work and Pensions makes the following Order in exercise of the powers conferred by section 56(8) of the Pensions Act 2014(a):

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Pensions Act 2014 (Savings) Order 2015.

(2) This Order comes into force on 6th April 2016.

(3) Articles 2(1) and (2) cease to have effect on 6th April 2019.

(4) In this Order—

“the Act” means the Pensions Act 2014;

“the 1993 Act” means the Pension Schemes Act 1993(b);

“contracted-out employment” and “contributions equivalent premium” have the meanings given in section 181(1) of the 1993 Act(c);

“earner” has the meaning given in section 181(1) of the 1993 Act(d);

“HMRC” means the Commissioners for Her Majesty’s Revenue and Customs;

“PPF assessment period” means an assessment period in relation to the Board of the Pension Protection Fund within the meaning of section 132 of the Pensions Act 2004(e);

“salary related contracted-out scheme” and “the second abolition date” have the meanings given in section 181(1) of the 1993 Act(f).

Savings

2.—(1) The provisions of the 1993 Act specified in paragraph (2) and repealed by paragraphs 5, 8, 9 to 11, 22, 28, 29, 33, 36, 37 and 46(1), (2) and (4) of Schedule 13 to the Act (abolition of contracting-out for salary related schemes) continue to have effect, despite those repeals, for the purposes of allowing or requiring the trustees or managers of a scheme that was a salary related contracted-out scheme, and HMRC, to carry out any necessary activity relating to any period of contracted-out employment which occurred before the second abolition date.

(a) 2014 c.19.

(b) 1993 c.48.

(c) The definition of “contributions equivalent premium” in section 181(1) of the Pensions Schemes Act 1993 (“the 1993 Act”) was amended by paragraph 77(a)(ii) of Schedule 5 to the Pensions Act 1995 (c.26) and is amended by paragraph 43(6) of Schedule 13 to the Pensions Act 2014 (“the Act”).

(d) The definition of “earner” is amended by paragraph 43(7) of Schedule 13 to the Act.

(e) 2004 c.35.

(f) The definitions of “salary related contracted-out scheme” and “the second abolition date” in section 181(1) of the 1993 Act are inserted by paragraph 43(2) of Schedule 13 to the Act.

(2) The provisions are—

- (a) section 7 (issue of contracting-out certificates)(a);
- (b) section 9 (requirements for certification of schemes: general)(b);
- (c) section 11 (elections as to employment covered by contracting-out certificates)(c);
- (d) sections 12A to 12D (requirements for certification of occupational pension schemes applying from 6th April 1997)(d);
- (e) sections 34 to 36 (cancellation, variation, surrender and refusal of certificates)(e);
- (f) section 41 (reduced rates of Class 1 contributions)(f);
- (g) section 50 (powers of HMRC to approve arrangements for scheme ceasing to be certified)(g);
- (h) section 53(3) (supervision: former contracted-out schemes)(h);
- (i) sections 55 to 68 (state scheme premiums)(i);
- (j) Schedule 2, paragraphs 1 to 4 and 6 to 8 (certification regulations)(j).

(3) Section 16(2) of the 1993 Act (revaluation of earnings factors for the purposes of section 14: early leavers etc) continues to have effect, as if that subsection had not been substituted by paragraph 16 of Schedule 13 to the Act, in relation to earners whose service in contracted-out employment ended before the second abolition date.

(4) Sections 55 to 68 of the 1993 Act continue to have effect as if they had not been repealed by paragraph 37 of Schedule 13 to the Act, for the purposes of allowing or requiring the trustees or managers of a scheme described in paragraph (5) to elect to pay, and pay, a contributions equivalent premium in relation to members of the scheme whose contracted-out employment ended on or before the second abolition date.

(5) A scheme referred to in paragraph (4) is—

- (a) one which started to wind up before the second abolition date; or

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- (a) Section 7 was amended by section 136 of the Pensions Act 1995, and paragraphs 1 and 2 of Schedule 4, and Part 6 of Schedule 7 to the Pensions Act 2007 (c.22).
 - (b) Section 9 was amended by section 136 of, and paragraph 21 and 24 of Schedule 5 to, the Pensions Act 1995, paragraph 35 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c.2), section 283 of the Pensions Act 2004, and section 14(4) of, and paragraphs 1 and 4 of Schedule 4 to, and Part 6 of Schedule 7 to, the Pensions Act 2007.
 - (c) Section 11 was amended by paragraph 37 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999, and section 1(2)(a) of the Employment Rights (Dispute Resolution) Act 1998 (c.8).
 - (d) Sections 12A to 12D were inserted by section 136(5) of the Pensions Act 1995, and amended by S.I. 1997/819, S.I. 2005/2050, paragraph 36 of Schedule 1 to and paragraph 5 of Schedule 5 to, and Part 8 of Schedule 7 to the Pensions Act 2007, and paragraphs 7 and 9 of Schedule 1 to the National Insurance Contributions Act 2008 (c.16).
 - (e) Section 34 was amended by paragraph 37 of Schedule 5 to, the Pensions Act 1995, paragraph 45 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 and paragraphs 1 and 15 of Schedule 4 to, and Part 6 of Schedule 7 to, the Pensions Act 2007. Sections 35 and 36 were amended by S.I. 1996/1172.
 - (f) Section 41 was amended by section 137(2) of the Pensions Act 1995, paragraph 6 of Schedule 9 to the Welfare Reform and Pensions Act 1999 (c.30), paragraphs 35 and 36 of Schedule 1 to the National Insurance Contributions Act 2002 (c.19), paragraph 37 of Schedule 1 to the Pensions Act 2007, paragraphs 7 and 10 of Schedule 1, and Schedule 2, to the National Insurance Contributions Act 2008 and S.I. 2011/1036.
 - (g) Section 50 was amended by paragraph 45(b) and (c) of Schedule 5 to the Pensions Act 1995, paragraph 51 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 and S.I. 2011/1730. Section 50 refers to ‘Inland Revenue’ but by virtue of section 50(1) of the Commissioners of Revenue and Customs Act 2005 (c.11), references in existing enactments to “Commissioners of Inland Revenue” shall be taken as references to “Commissioners for Her Majesty’s Revenue and Customs”.
 - (h) Section 53(3) was amended by paragraph 48(c) of Schedule 5 to the Pensions Act 1995, paragraph 52 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 and S.I. 2011/1730.
 - (i) Sections 55 to 68 are repealed by paragraph 37 of Schedule 13 to the Act, although sections 59 and 64-66 were repealed by paragraphs 18, 53 and 58 to 60 of Schedule 5 to the Pensions Act 1995. Sections 55 to 58, 60 to 63, 67 and 68 were amended by paragraphs 50 to 52, 54 to 57, and 61 of Schedule 5 to, the Pensions Act 1995, section 4(2) of the Magistrates’ Courts (Procedure) Act 1998 (c.15), paragraphs 54 to 58 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999, paragraph 7 of Schedule 2 to the Welfare Reform and Pensions Act 1999, paragraph 5 of Schedule 5 to the Child Support, Pensions and Social Security Act 2000 (c.19), paragraph 361 of Schedule 8 to the Courts Act 2003 (c.39), S.I. 2005/2050 and paragraphs 1 and 26 of Schedule 4 to, and Part 6 of Schedule 7 to, the Pensions Act 2007.
 - (j) Part 1 of Schedule 2 was amended by paragraph 84 of Schedule 5 to, and Part 3 of Schedule 7 to, the Pensions Act 1995, paragraph 62 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999, and paragraphs 46 and 59 of Schedule 4 to the Pensions Act 2007.

- (b) one—
 - (i) which had not started to wind up before the second abolition date;
 - (ii) which entered a PPF assessment period before 6th April 2016, and where the assessment period continues after 6th April 2019; and
 - (iii) where the trustees or managers of the scheme elected to pay a contributions equivalent premium after the start of the PPF assessment period but cannot make that payment during the assessment period due to the restriction in section 135(4)(b) of the Pensions Act 2004 (restrictions on winding up, discharge of liabilities etc).

Signed by authority of the Secretary of State for Work and Pensions

Altmann
Minister of State,
Department for Work and Pensions

14th July 2015

EXPLANATORY NOTE

(This note is not part of the Order)

This Order saves certain provisions of Part 3 of the Pensions Act 1993 (c.48) (“the 1993 Act”) repealed by Schedule 13 of the Pensions Act 2014 (c.19), which abolishes contracting-out for salary related schemes.

Article 2(1) and (2) saves for three years from the second abolition date, those provisions of the 1993 Act which relate to certification of contracted-out schemes, cancellation of certificates, the national insurance rebate, HMRC supervision of contracted-out schemes and state scheme premiums, in order to require or allow schemes and HMRC to carry out necessary tasks relating to a period of contracted-out employment which occurred before the second abolition date.

Article 2(3) saves section 16(2) of the 1993 Act in relation to an earner whose service in contracted-out employment ended before the section abolition date.

Article 2(4) and (5) saves sections 55 to 68 of the 1993 Act to allow a contributions equivalent premium to be paid after 6th April 2019 in circumstances where the scheme entered a PPF assessment period before the second abolition date, and the assessment period continued beyond 6th April 2019.

An analysis of the impact of this legislation has been made as part of the analysis of the Pensions Act 2014. A copy is available in the libraries of both Houses of Parliament. Copies may also be obtained from the Better Regulation Unit of the Department for Work and Pensions, 2D, Caxton House, Tothill Street, London SW1H 9NA.

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